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EU-27

Wine

Grubbing-up scheme oversubscribed

2008

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Report Highlights:

The EU wine grubbing up scheme has been oversubscribed. Member States have requested grubbing up aid for more than twice as much land than what is covered by the EU budget.

In the wine reform the EU targeted an area of 175,000 ha to be grubbed up over a three year period. For 2009, the 14 Member States that can get this aid submitted bids for grubbing up 159,949 ha, representing 4% of the EU wine growing area. A reduction coefficient of 45.9 percent is now to be applied and the bids have been scaled down to 73,377ha.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Brussels USEU [BE2]
[E4]

In the EU wine reform, which was adopted in May 2008, 14 of the EU MS could apply for funding for grubbing-up. The requests for this had to be done before October 15. Wine producers in these MS and take advantage of the scheme would get a premium 20 percent higher than current levels in 2009 and 10 percent higher in 2010.

EU Member States (MS) have oversubscribed the grubbing-up scheme that was included in the EU wine reform with more than twice the amount calculated in the reform.

The Commission has set as a target to have 175,000 ha grubbed up during a three year period. MS have requested aid for 159,949 ha for 2009, representing 4 percent of the EU wine producing area. This would have implied an EU compensation payment of around €1 billion.

The largest requests came from Spain and Cyprus. Spain wants to grub-up 98,115 ha of its wine producing area, representing 9 percent the Spanish vineyards. This would represent 51 percent of the grubbing-up budget.

Cyprus requested an even higher proportion of its vineyards to be taken out of production. It applied for 1,909 ha, representing 13 percent of the wine producing areas to be grubbed up.

A reduction coefficient of 45,9 percent is now to be applied, and the total EU bids have been scaled down to 73,377 ha to keep the scheme within the agreed budget, which is €464 million for 2009.

The idea of the grubbing up scheme is to decrease the overproduction of wine in the EU by making unprofitable wine growers leave the sector.

A MS can be allowed halt grubbing-up if the area would be more than 8 percent of that MS's total vineyard area, or 10 percent of a region's total area. The Commission can also halt grubbing-up if the area reaches 15 percent of a MS's total vine area.

Applications for 2009 grubbing-up

Member state	Area requested (ha)	Area granted after application of reduction coefficient (ha)	Requested budget (€000)	Budget granted after application of reduction coefficient (€000)	Percent of total wine area to be grubbed up
Bulgaria	0	0	0	0	0.00
Czech Rep.	13	6	38	18	0.03
Germany	43	20	388	178	0.02
Greece	2,009	922	15,555	7,136	1.32
Spain	98,115	45,010	514,565	236,056	4.09
France	22,366	10,260	153,992	70,644	1.17
Italy	25,928	11,894	253,108	116,113	1.63
Cyprus	1,909	876	14,868	6,821	5.83
Luxembourg	1	1	15	7	0.05
Hungary	3,212	1,474	21,389	9,812	1.73
Malta	0	0	0	0	0.00
Austria	580	266	4,088	1,876	0.52
Portugal	5,107	2,343	30,434	13,961	0.98
Romania	16	7	109	50	0.00
Slovenia	82	38	432	198	0.23
Slovakia	568	261	2,465	1,131	1.21
EU total	159,949	73,377	1,011,445	464,000	1.90

Source: European Commission

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